



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP - 4 2012

THE ADMINISTRATOR

The Honorable Robert Bentley
Governor
State of Alabama
State Capitol
600 Dexter Avenue
Montgomery, Alabama 36130-2751

The Honorable Nathan Deal
Governor
State of Georgia
203 State Capitol
Atlanta, Georgia 30334

The Honorable Phil Bryant
Governor
State of Mississippi
P.O. Box 139
Jackson, Mississippi 39205

The Honorable Nikki Haley
Governor
State of South Carolina
Office of the Governor
1205 Pendleton Street
Columbia, South Carolina 29201

The Honorable Rick Scott
Governor
State of Florida
PL 05 The Capitol
400 S. Monroe Street
Tallahassee, Florida 32399-0001

The Honorable Bobby Jindal
Governor
State of Louisiana
P.O. Box 94004
Baton Rouge, Louisiana 70804-9004

The Honorable Bev Perdue
Governor
State of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

The Honorable Bill Haslam
Governor
State of Tennessee
Tennessee State Capitol
Nashville, Tennessee 37243-0001

Re: September 2012 Fuel Waiver Concerning the States of Alabama, Florida,
Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

Dear Governors:

On August 28, 2012, to alleviate gasoline shortages created by Hurricane Isaac, I waived federal regulations that required gasoline in certain Louisiana parishes to have a maximum Reid Vapor Pressure (RVP) of 7.8 pounds per square inch (psi) during the "high ozone" season, through September 15, 2012. Since that time, the shutdowns of several Gulf area petroleum refineries, widespread power outages and flooding in the Louisiana area caused by Hurricane Isaac have resulted in the curtailment in the production and delivery of low volatility gasoline to the fuel pipelines originating in the Gulf area that serve each of your states. While some amounts of low volatility gasoline remain throughout the fuel distribution system in varying quantities, the

refinery shutdowns and slow pace of restarts have resulted in an inadequate supply of the overall volume of low volatility gasoline in these States through September 15, 2012, the remaining portion of the high ozone season. While the remaining low-volatility gasoline can and will be used in these states, the inadequate volume of low-volatility gasoline is projected to result in gasoline shortages throughout these states over the next several days.

I have received requests for a waiver under the Clean Air Act (CAA) made by some of you or on your behalf to address a fuel supply emergency caused by Hurricane Isaac. In response to those requests, EPA has determined, and the United States Department of Energy (DOE) concurs, that it is necessary to take action to minimize or prevent disruption of an adequate supply of gasoline in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee ("designated states"). By this letter, I am granting a waiver of certain federal and state gasoline requirements, as described below.

As you know, the federal fuels regulations promulgated under the Clean Air Act require gasoline sold in portions of the designated states to meet maximum RVP standards during the "high ozone" season, through September 15, 2012. *See* 40 C.F.R. § 80.27 and EPA guidance at <http://www.epa.gov/otaq/fuels/gasolinefuels/volatility/standards.htm>. A federally-enforceable state implementation plan that covers the 45-county Atlanta, Georgia area market also requires the use of gasoline that meets more stringent RVP standards and imposes additional gasoline sulfur averaging requirements (Georgia Gasoline SIP). *See* 67 Fed. Reg. 8200.

EPA, in consultation with DOE, has been evaluating the impact of fuel supplies to the designated states as the result of disruptions to the fuel production and distribution system serving the designated states. Based on this evaluation, EPA has determined, and DOE concurs, that it is necessary to take the following action to minimize or prevent disruption of the supply of gasoline to these areas.

I have determined that an "extreme and unusual fuel supply circumstance" exists that will prevent the distribution of an adequate supply of gasoline to consumers in the designated states. CAA § 211(c)(4)(C)(ii)(I), 42 U.S.C. § 7545(c)(4)(C)(ii)(I). This extreme and unusual fuel circumstance is the result of Hurricane Isaac, a natural disaster that could not reasonably have been foreseen or prevented, and is not attributable to a lack of prudent planning on the part of suppliers of the fuel to these areas. CAA § 211(c)(4)(C)(ii)(II), 42 U.S.C. § 7545(c)(4)(C)(ii)(II). Furthermore, I have determined that it is in the public interest to grant this waiver and that this waiver applies to the smallest geographic area necessary to address the fuel supply circumstances. CAA § 211(c)(4)(C)(ii)(III) and (iii)(I), 42 U.S.C. § 7545(c)(4)(C)(ii)(III) and (iii)(I).

Therefore, to minimize or prevent disruptions with the supply of gasoline, I am today issuing this waiver of the federal RVP standards for conventional gasoline and the federally-enforceable Georgia Gasoline SIP that requires the use of gasoline that meets more stringent RVP standards and imposes additional gasoline sulfur averaging requirements. This waiver is effective beginning immediately and will continue through the remainder of the summertime "high ozone" period, through September 15, 2012.

Federal RVP Standards

Under this temporary waiver, regulated parties may sell or distribute winter gasoline with an RVP of 11.5 psi in the designated states. Regulated parties should continue to sell or distribute gasoline meeting the 9.0 psi RVP and 7.8 psi RVP standards, as applicable, where such supplies are available.

Georgia SIP Covered Areas

Under this temporary waiver of the federally-enforceable Georgia Gasoline SIP, regulated parties may sell or distribute winter gasoline with an RVP of 11.5 psi in the following 45 Atlanta-area counties in which the 7.0 psi RVP requirements apply: Banks, Barrow, Bartow, Butts, Carroll, Chattooga, Cherokee, Clarke, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Floyd, Forsyth, Fulton, Gordon, Gwinnett, Hall, Haralson, Heard, Henry, Jackson, Jasper, Jones, Lamar, Lumpkin, Madison, Meriwether, Monroe, Morgan, Newton, Oconee, Paulding, Pickens, Pike, Polk, Putnam, Rockdale, Spalding, Troup, Upson and Walton. Regulated parties should continue to sell or distribute gasoline meeting the 7.0 psi RVP standard, where such supplies are available, and if not available then gasoline meeting the 7.8 psi RVP or 9.0 psi RVP standards, where such supplies are available.

Under this temporary waiver, regulated parties do not have to meet the additional Georgia gasoline sulfur averaging requirements of the federally-enforceable Georgia Gasoline SIP. This waiver does not change the requirement that gasoline imported, sold or distributed in the 45-county Atlanta area market meet the federal gasoline sulfur averaging and cap requirements set forth at 40 C.F.R. Part 80, Subpart H.

We at the EPA recognize the benefits of the RVP and federally enforceable Georgia Gasoline SIP standards; therefore, to the extent practicable and consistent with supplying market demands for gasoline (e.g., where tankage is available), regulated parties should take steps to segregate and supply gasoline that meets these requirements. The EPA will continue to work with the DOE and affected states to monitor the impact of Hurricane Isaac on the fuel supply situation in the Gulf region. Should conditions warrant, this waiver may be modified, terminated or extended, as appropriate.

If you have questions you may call me, or your staff may call Phillip Brooks at (202) 564-0652.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa P. Jackson', with a stylized, flowing script.

Lisa P. Jackson

cc: The Honorable Steven Chu
Secretary of Energy